

Human Resources Legislative Update

Ministry of Finance Publishes New Income Tax Proposals For Public Commentary

Date: August 16, 2012

On August 14, 2012, the Ministry of Finance published [new legislative proposals relating to the *Income Tax Act* and *Regulations*](#) for public commentary. The proposals, which are designed to implement a range of [Budget-related initiatives announced by the federal government earlier this year](#), include measures that would, if adopted,

- include an employer's contributions to a group sickness or accident insurance plan in an employee's income to the extent that the contributions are not in respect of wage-loss replacement benefits payable on a periodic basis;
- improve Registered Disability Savings Plans ("RDSPs") following the review of the RDSP program in 2011;
- amend the rules applicable to retirement compensation arrangements to prevent certain schemes designed to inappropriately reduce tax liabilities;
- amend the rules applicable to Employee Profit Sharing Plans to discourage excessive contributions for employees with a close tie to their employer through the imposition of a special tax on excessive allocations to specified employees; and
- phase out the Overseas Employment Tax Credit.

Members of the public are invited to [comment on the draft legislative proposals](#) by September 13, 2012.

For more information on the federal Budget 2012, see our [FTR Now of March 30, 2012, "Federal Budget 2012 – Highlights for Employers."](#)